

# City of Davenport/Davenport Assn. of Professional Firefighters

BEFORE  
JAMES R. COX  
INTEREST ARBITRATOR

2002-2003  
CEO 190:  
Section 1  
RECEIVED  
2003 MAY 15 AM 11:32  
PUBLIC EMPLOYMENT  
RELATIONS BOARD

**CITY OF DAVENPORT  
FIRE FIGHTER UNIT**

and

**INTEREST ARBITRATION  
2003-2004 CONTRACT  
PERB 190-3**

**DAVENPORT ASSOCIATION OF  
PROFESSIONAL FIRE FIGHTERS,  
IAFF LOCAL 17, AFL-CIO**

## DECISION AND AWARD

The Hearing in this matter was conducted by the Arbitrator at the Davenport City Hall on May 2, 2003. Mary Thee, Davenport Corporate Counsel, presented the City case while the Union was represented by their Attorney, Michael Meloy.

The dispute had been advanced to Arbitration following several negotiation meetings and January 30, 2003 Fact-Finding. There are no questions of arbitrability and the matter is before me for full and final binding determination.

The Arbitrator has selected the most reasonable of the final offers or the recommendation of the Fact Finder on each impasse item. In reaching my determination, I have applied factors set forth in Section 20.22(9). These selections and matters previously agreed upon by the City of Davenport and the Davenport Association of Professional Fire Fighters, IAFF shall constitute the Collective Bargaining Agreement which is for a one-year term with an effective date of July 1, 2003.

Two issues upon which the Parties remained at impasse, wages and insurance, were advanced to Arbitration. At Fact-Finding the Union had sought a 4.5% wage increase for the 2003 - 2004 Agreement. The City offered 3%. The Fact Finder recommended 3.7%<sup>1</sup>. At Arbitration the last offer of the City was 4%. The Union position remained at 4.5%. With respect to the Health Insurance issue, both parties maintained the same positions they had argued during Fact-Finding.

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<sup>1</sup> The Union had initially accepted the Fact Finder's Recommendation on both insurance and wages. The City rejected his recommendations and the matter moved to Arbitration.

The City seeks to make the Health Plan contributory. Employees would be required to pay 1% of the single coverage premium and 2% of the premium for family coverage. There were three proposed changes in Plan Design.

Davenport would increase co-pay from 20% outside the PPO to 30% - from 80/20 to 70/30. Secondly, children of employees who qualify for coverage would remain covered under the Dependent Plan only until the age of 24 - so long as they are full time students. Current Students on the Plan would continue their coverage until age 26 so long as they otherwise qualified. A third substantive change in the Plan was to remove dependents of dependents from coverage. The City proposes, "*Dependents of dependents born after June 30, 2003 shall not be entitled to coverage.*"

The Fact-Finder recommended the status quo be maintained on health insurance. The Union had adopted this position.

Davenport is third among the eight largest cities in Iowa and, while there are differences among that group<sup>2</sup> including significant geographical distances, the only comparable data provided by both Parties involved Fire Departments in those communities. The seven other cities in this group of eight were the only comparables cited.

## **HEALTH INSURANCE**

### **Recent Cost History**

The Parties had made significant changes in the Insurance Plan during their last contract negotiations. According to the Fact-Finder in these negotiations, Mr. Dworkin, they went to a PPO Plan, provided for 10% co-payments for services inside the Plan and 20% outside and made prescription co-pays \$10.00 for brand names and \$5.00 for generics. There were cost savings consequences. Fact-Finder Dworkin noted that medical expenses, which had reached a new high in 2000 (\$6,292,873 up from \$5,587,782), decreased in 2001 to \$6,032,415 and rose in 2002 to \$6,665,161). Claims which had exceeded 29,000 during FY 2000, went to approximately 30,500 in 2001 and to a little over 31,000 in FY 2002. Costs per claim do not appear unreasonable. The evidence showed that Davenport cost per claim decreased from \$200.00 in FY 2000 to approximately \$165.00 in FY 2001 and then rose again to approximately \$180.00 in FY 2002.

These cost and claim figures, however, reflect total claims under the Plan by all covered City employees. City Health Insurance Plan statistics, for the most part, do not distinguish between claims by employees in the Fire Fighter Unit and those made by other covered employees. According to City Exhibit 46, after a large premium increase for 2000-2001, there were no premium increases for 2001-2002 or 2002-2003.

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<sup>2</sup> There was no contention that the essential duties differed from comparable to comparable in any significant manner. Performance it was pointed out that Davenport Fire Fighters are tops among comparables in run volume. While the number of personnel is substantially the same as in Cedar Rapids, there were, during 2002, 10,984 runs, compared with Cedar Rapids 7,018. There were some differences in the ambulance dispatches in Cedar Rapids. I also note that in Davenport emergency calls for the Fire Department decreased almost 3% in 2002 while EMS calls increased .405%.

While in fiscal 2001 and fiscal 2002 estimated costs significantly had exceeded actual costs, the insurance cost projection for 2003 is \$8,017,264.00 – an increase from actual \$6,665,161 costs and a matter of real concern. Along with this projected increase, there is evidence of a prospective cut in funding from the State.<sup>3</sup>

### **Cost Consequences of the Proposal**

While I recognize that modifications in the Plan must be negotiated or changed in each of the several groups and bargaining Units covered by the Health Insurance Plan, there is no evidence that any changes had been effected outside this Unit prior to the Fire Fighter Arbitration Hearing. The cost impact of the proposed design changes is not great in this Unit – except for making the Plan contributory.

There are currently no students in the Fire Fighters Unit who would be affected by the change in the cut off age from 26 to 24. The City projects an overall savings from current expenses of \$40,000.00 when current students above the cut off age leave the program. This change would be cost neutral for this Unit.

With respect to the proposal to eliminate otherwise eligible dependents of dependents born after 6/30/03, the City asserts that it cannot estimate savings. Again there was no showing of any savings which would result from the adoption of this change in the Fire Fighter Unit. There are 18 such dependents on the Plan citywide.

Davenport states that savings which would result from the change in out-of-network coverage to 70% cannot be estimated. No projection based upon prior experience was provided. Each of the seven comparable communities, except Sioux City and Waterloo, has a 80/20 program or better. Waterloo and Sioux City have 65/35 and 75/25 programs respectively.

There is no evidence of any cost savings that would result from implementing the proposed Plan Design changes within the Fire Department Unit and no evidence that such changes have been agreed to in other City unionized Units.

The City has made a strong case for health insurance cost relief and provided evidence of the savings which would come from making the Plan contributory. It was clearly established that savings would result from making the Plan contributory - a city wide savings of \$27,927.00 resulting solely from making the insurance plan contributory. However, a major obstacle for the City to overcome in order to have this aspect of their proposal adopted is there are no comparables where employees contribute a percentage of insurance premium costs. None of the other 7 largest Iowa cities has any provision for employee health insurance contributions to be made on a percentage basis. Considering the volatile and unforeseeable nature of insurance premium costs and the significance of such costs for both the City and employees, it is not reasonable to institute such a contribution formula without a cap. The percentage contribution sought from Davenport Firefighters would initially translate to \$3.77 a month for single coverage and \$18.52 a month for dependent coverage. Then there is another difficulty with the proposal – again from a comparability standpoint.

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<sup>3</sup> There was no analysis presented showing reasons for such a projected increase. There was mention, without substantiation, of certain extraordinary claims.

There is no contribution required for single insurance coverage by employees in comparable Des Moines, Iowa City, Dubuque or Sioux City Units<sup>4</sup>. Health insurance is contributory for single and dependent coverage in Council Bluffs, Waterloo and Cedar Rapids. Employees in Iowa City pay part of the dependent coverage premium. Of the seven comparables, four do not require contributions for single coverage

Employee contributions in Cedar Rapids are \$7.50 a month and \$36.50 a month for single and dependent coverage respectively. Council Bluffs has a \$10.00 a month contribution toward single coverage and \$24.00 a month for dependent coverage. Waterloo Fire Fighters pay a \$5.00 a month single premium contribution and \$10.00 a month toward dependent coverage. Iowa City does not require contribution for the single coverage but employees pay \$40.00 a month for family coverage.

Limiting the contributory feature to those electing dependent coverage would have had a comparatively significant cost savings effect in the Davenport Fire Fighter Unit where there are currently 18 employees with single coverage and 122 with family coverage. Requiring contributions toward dependent coverage is much more widespread throughout Iowa than contributing for single coverage.

Fact Finder Sandy, in a recent Fact-Finding Report issued for the Davenport Police Unit, rejected the percentage basis for premium payment. He recognized that employees in the comparables who do make any contributions toward insurance do so on a fixed dollar basis. He stated that there should be no change in insurance contributions except for Employees hired into that Law Enforcement Unit after June 30, 2003. It was his recommendation that those new hires would pay the fixed dollar equivalent of the percentages sought by the City. That alternative is not before me.

Fact-Finder Dworkin, noting insurance cost increases city wide, determined that while the, "...two year old PPO is still costly, the City conceded that ability to pay was not at issue." He found, for this Contract year in this Unit, "...while the City can still afford the benefit, the recommendation will be to carry it forward into 2003-2004 without change."

After consideration of all statutory factors, this Arbitrator finds special significance in that none of the comparables provide for employee contributions toward Health Insurance premiums on a percentage basis and that most do not require employee contributions for single coverage. The formula proposed to address the cost problem is not reasonable. Consequently, despite the serious cost circumstances, the most reasonable final position on this issue is that of the Fact Finder. For this Unit, the Health Insurance Plan shall be continued without change.

### WAGES

Davenport calculates the City's 4% general wage increase proposal to cost \$299,024.00, the Union's 4.5% proposal at \$336,405.00 and the Fact Finder's 3.7% recommendation at \$276,597.00.

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<sup>4</sup> Employees in Iowa City do contribute for dependent coverage.

The Union argues that, as in many municipalities, there should be a parity relationship between Police and Fire wages. However, Mr. Dworkin commented, and the Record here supports that conclusion, that for almost 20 years average Fire Fighter wages have "*steadily fallen behind the Police*". Davenport argued that in the past 12 years, in only three of those years were there any differences in the percentage raises provided the Fire and Police Units. While the percentage increase may have been the same, that percentage when applied to a larger base in the Police Unit increased the spread between the two groups. Even at the start rate, Police Unit wages have been consistently higher than those in the Fire Fighter Unit with even increasing spreads.

Fact Finder Sandy recommended in a recent Report that wages in the Police Unit be increased 3.84%. His recommendation appears to be based upon average wage increases over the previous seven years among both Police comparables and in Davenport. He calculated the average 2003 increase in such comparables at 3.89%. At the time this Award issued, the Police Unit increase for 2003 was awaiting an Arbitrator's decision.

When Fact Finder Dworkin made his Report there were few Fire Fighter Unit settlements for him to review. In this proceeding, the Union presented up-to-date settlement information showing general wage increases in Iowa Fire Bargaining Units among the comparables. This report shows Council Bluffs with a 3.5% increase for fiscal 2004, the last year of a two-year Agreement. There was a 4.81% increase in Dubuque for the last year of their Contract and, a raise in Des Moines of 6.40%. The Des Moines situation is somewhat unique with an effort being made to catch up wages over five years; the 6.4% represents the raise for the fourth year of that five-year Contract. Waterloo settled for 4% and there was a 4.50% increase in fiscal 2004 in Cedar Rapids and Sioux City. In each of these last listed three cities, the increase was payable in two installments. The 4.5% in Cedar Rapids came with a 3% increase effective July 1, 2003 and 1.5% mid-term. We find similar spreading in Sioux City and in Waterloo. In Sioux City the increase was 2.25% on the July 1, 2003 start date with a second 2.25% effective January 1, 2004. The Waterloo 4% increase was paid with a 2% increase on the effective date and 2% on January 1, 2004. The real increases, because of the staggering effect, were less over term than the total percentages. The City calculated 3.5% in Waterloo. Finally in Iowa City, the general wage increase was 2.75%.

In examining compensation packages among the seven comparables, we find that when deferred compensation, food allowance, clothing allowance, EMT and education incentives (but not Kelly days) are considered along with wages, at entry level Davenport ranks above all of the other comparables except Des Moines. However, at the five-year benchmark, since all comparables have longevity not a feature of the compensation package in Davenport, the spread narrows. At five years wages are still above all Units except Des Moines and Iowa City and at twenty-five years Fire Fighter wages in Davenport are the highest. Furthermore, it is important to recognize that in Waterloo, Iowa City, Council Bluffs and Cedar Rapids employees make contributions toward insurance coverage, an effect on net income not present in Davenport.

### AWARD

After considering all applicable factors, especially the effect on the City of health insurance cost increases, I find that the most reasonable position here to be the last offer of the City of Davenport. Davenport's relative position among Fire Fighter comparables will be maintained with this increase.

James R. Cox  
Interest Arbitrator

Issued this 13<sup>th</sup> day of May 2003

### CERTIFICATE OF SERVICE

I certify that on the 12th day of May 2003, I served the foregoing Award on each of the parties by mailing a copy to them at their respective addresses.

Mary Thee, Esq.  
City Attorney  
City Hall  
225 West 4<sup>th</sup> Street  
Davenport, IA 52801

Michael Meloy, Esq.  
Davenport Fire Fighters  
2828 18<sup>th</sup> Street  
Bettendorf, IA 52722

I further certify that on that same date, I served this Award for filing with the Iowa Public Employment Relations Board by mailing a copy to their offices at 514 East Locust, Suite 202 Des Moines, Iowa 50309-1912.

James R. Cox